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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 002238

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TAGS: [PGOV](#) [ECON](#) [EAID](#) [PREL](#) [PINR](#) [IZ](#) [EUN](#) [IR](#) [GCC](#)  
SUBJECT: EU TROIKA QUESTIONS URGENCY OF IRAQ COMPACT

Classified By: Ambassador Khalilzad for reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: Ambassador and A/DCM Speckhard met June 24 with an EU Troika delegation (participants listed para 10) to discuss EU policy toward Iraq, particularly with regard to the Compact process. The EU delegation expressed the EU's desire that the Compact be more than "just a pledging exercise," preferring a broader approach toward reform. The EU believes that backing from Gulf states would be key and that it would take time to bring them on board. The delegation said that the EU could offer lawyers to help Iraq with constitutional review, but the U.S. would have to encourage the Iraqis to accept them. The EU is unwilling at this time to send personnel to PRTs, and the Commission representative implied that the EU would have a difficult time in increasing the amount of EU assistance. Austrian MFA Political Director Mayr-Harting also expressed skepticism that the GOI could move forward quickly on its end of the Compact. END SUMMARY.

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INTERNATIONAL COMPACT/EU ASSISTANCE  
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¶2. (C) Ambassador and A/DCM Speckhard met June 24 with an EU Troika delegation to discuss EU policy toward Iraq, particularly with regard to the Compact process. Austrian MFA Political Director Mayr-Harting said that the EU does not have an agreed position on the Compact process, particularly on timing. It is important that the Compact not be just a pledging exercise that is measured by how much money it brings, Mayr-Harting said. Instead, he explained that the EU prefers a broader approach and that backing from the Gulf states would be key and would take time.

¶3. (C) Mayr-Harting said that the EU could offer lawyers to help Iraq with constitutional review, but the U.S. would have to encourage the Iraqis to accept them. Constitutional review did not seem to be a priority with the Iraqis whom the delegation had met, Mayr-Harting remarked. A/DCM responded that the Iraqis still are organizing themselves and might be open to assistance offers by mid-July. Mayr-Harting recounted that the EU had been reluctant to include a reference to PRTs in the U.S.-EU Summit Declaration; the EU found it easier for the time being to support Iraq assistance "from back home." The EU could offer assistance, especially legal assistance, for national reconciliation.

¶4. (C) Commission Deputy PolDirector Lundin said that what the Iraqis would promise in exchange for "carrots" from the EU is important. Lundin said that the EU would raise its representation in Baghdad to ambassadorial level and wants to start negotiations with Iraq to set a contractual basis for trade. For that, Lundin explained, the Iraqis need to form a proper interministerial committee. The EU could offer assistance in rule of law and the normal range of EU programs -- from human rights to finance to customs. Lundin added that the EU is interested in moving toward a more "normal"

assistance relationship. The EU is "not unhappy" with the current level of EU support of 700 million euros, Lundin noted.

¶5. (C) When A/DCM pointed out that Deputy PM Saleh is moving ahead rapidly with its economic program and that the Compact process needs to keep pace, Mayr-Harting responded that Saleh is dynamic but would need to get the whole GOI moving. Ambassador noted that the U.S. is helping the Iraqis to set up a PM-led committee to oversee economic reform, similar to the existing Ministerial Committee on National Security. Mayr-Harting said that such a committee would serve as a good interlocutor for the EU in negotiating a trade and investment pact.

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FINNISH PRESIDENCY REPRESENTATION  
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¶6. (SBU) Finnish MFA DG Polho told PolOff that Finland would work through the German Embassy in Baghdad since Finland has not had any Finnish-based personnel in Baghdad since 1991. (BIONOTE: Polho had been assigned to Baghdad in 1979-1981. END BIONOTE.)

¶7. (U) EU delegation members included:

- Amb. Thomas Mayr-Harting, Political Director, Austria MFA
- Aapo Polho, Africa and Mideast Dept. DG, Finland MFA
- Lars-Erik Lundin, Deputy Political Director, European Commission
- Christian Jouret, Director, EU Council Secretariat
- Gudrun Harrer, Special Envoy of the Austrian EU-Presidency in Iraq/Austrian Charge
- Ana Gallo, EU Commission Delegation Charge

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-- Gunter Eisl, Counselor, Austrian Embassy  
-- Karl Seyser, Counselor, Austrian Embassy  
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